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INDEX:

- (1) Eliminating the danger of Futenma airfield: US wants to expedite relocation plan
- (2) US forces realignment law enacted; How will subsidies help relocation plans move forward?
- (3) 2007 Close-up column -- US forces realignment bill to be enacted into law today: Local governments housing US bases forced to make a difficult decision with subsidies tied to realignment plans
- (4) Interview on collective self-defense (Part 3): Opposition DPJ's policy chief Takeaki Matsumoto insists on using UN judgment as yardstick for Japan's response
- (5) OIE classifies US as controlled-risk nation for BSE; Japan may be pressed to ease import conditions for US beef

ARTICLES:

- (1) Eliminating the danger of Futenma airfield: US wants to expedite relocation plan

OKINAWA TIMES (Page 5) (Full)  
May 24, 2007

Kevin K. Maher, US consul general in Okinawa

I had an opportunity on May 14 to speak about the issue of Futenma relocation in a regular meeting of the Okinawa Association of Corporate Executives. Again, I would like to convey to the people of

Okinawa Prefecture an outline of my speech there and my true opinions.

First of all, I want to stress that the US government is aware of the concerns of local residents living in the vicinity of Futenma airfield about danger and noise and that we agreed more than 10 years ago in the SACO final report to relocate Futenma airfield. Unfortunately, however, Japan was unable to implement the SACO relocation plan for various reasons.

In October 2005, the Japanese and US governments agreed anew in a two-plus-two meeting of the Japan-US Security Consultative Committee to relocate Futenma airfield to a US military facility at Camp Schwab on Henoko Point in Nago. In addition, the US government agreed again on Futenma relocation in May 2006 and in May 2007. Now is the time to implement this relocation plan. We hope that the Futenma relocation plan will be accelerated.

The realignment plan in Okinawa is a rare chance that comes once in several decades, and I believe that this large-scale plan, if it is brought to fruition, will lead to a substantial reversion of bases and to a mitigation of the burden.

This realignment plan is to relocate the Futenma base from a densely populated place in the city of Ginowan to a US military facility at Camp Schwab and is to transfer 8,000 Marines to Guam, thereby reducing or returning the sites of most US facilities that are located south of Kadena. In order to carry out the plan, it is desirable that all those concerned, including the prefectural and municipal governments, cooperate. We would like to ask for local understanding and support.

We need to do things in a realistic way. In October 2005, the

TOKYO 00002336 002 OF 009

Japanese and US governments agreed to a document titled "Japan-US Alliance: Transformation and Realignment for the Future." This has two major goals. One is to mitigate the burden of base-hosting local governments. The other is to improve the capabilities of our alliance. It is very important to proceed with these two things at the same time.

It is not realistic to call for simply closing down Futenma airfield. Given the present security environment of Asia, it is indispensable to maintain the Futenma base's functions, and it is realistic to relocate the base functions of Futenma to a US military facility at Camp Schwab. We should carry out the Futenma relocation plan as soon as possible to dissolve the anxiety of Ginowan citizens. That is all I meant in what I said at the meeting of the Okinawa Association of Corporate Executives.

(2) US forces realignment law enacted; How will subsidies help relocation plans move forward?

YOMIURI (Page 13) (Abridged)  
May 24, 2007

The Diet yesterday passed a bill to facilitate the realignment of US forces in Japan featuring a plan to subsidize local governments that will bear greater security burdens, paving the way for the implementation of the realignment plan, agreed upon last May between the governments of Japan and the United States.

Iwakuni

"It is not proper to manipulate the wishes of local governments with state subsidies. Such an approach won't be able to change my decision."

This comment came in a press conference yesterday from Mayor Katsusuke Ihara of Iwakuni City, Yamaguchi Prefecture, the planned relocation site for carrier-borne jet fighters, now based at US Naval Air Facility in Atsugi, Kanagawa Prefecture.

Ihara's firm stance reflects the fact that the Iwakuni public has expressed their opposition to the relocation plan on two occasions.

Iwakuni City conducted a municipal referendum last March, shortly before the merger with seven neighboring municipalities, in which 87 PERCENT said "no" to the fighter jets' relocation. Although the outcome of the referendum lost its effectiveness with the municipal merger, Ihara won the new city's mayoral race in April on the slogan of blocking the relocation.

The situation has changed markedly over the last one year, however.

The government produced last May a US force realignment final report mentioning the plan to relocate the carrier-borne aircraft to Iwakuni regardless of the city's referendum and the outcome of the mayoral race. As a result, the Yamaguchi prefectural government, which had been aligned with Iwakuni, effectively endorsed the relocation plan in hopes of receiving state subsidies.

The Defense Facilities Administration Agency compiled its fiscal 2007 budget that did not include 3.5 billion yen in subsidies for the project to build a new Iwakuni city hall. It was intended to serve as pressure on the anti-base group in the city.

TOKYO 00002336 003 OF 009

Ihara now finds himself facing a growing number of local calls for a pragmatic response in order to obtain the government's economic package and subsidies.

For instance, Iwakuni Chamber of Commerce and Industry President Hisashi Nagano took this view: "It is not appropriate to describe the government's steps as a carrot-and-stick approach. There is every reason for a municipality bearing a security burden to receive financial aid from the government. This is a once-in-a-century opportunity."

The tide has also changed for the city assembly in which the pro- and anti-base groups had been competing with each other. The city assembly rejected in March the FY2007 budget designed to make up for the shortfall in the city hall construction spending with the merger special bonds. Then came the assembly's adoption of a resolution to effectively accept the relocation plan. "The fact that the mayor's attitude is blocking the government's economic package is a serious blow to the city, which is financially strapped," an assembly member noted.

Given the turmoil in the municipal government over the force realignment plan, some city executives fear that the city might collapse.

Hardships have not ended for Ihara. On May 22, the prefectural government decided to suspend its housing project in Atagoyama in central Iwakuni. The city is likely to be pressed to convert it into a US military housing project.

Some people speculate that in the event of the FY2007 budget being rejected once again in the regular June city assembly session, Ihara would resign and run in the mayoral race that would follow in order to seek the public's judgment on the realignment plan. Will Ihara be able to reverse the subsidy-oriented public opinion?

Futenma

In the wake of Diet approval of the special measures legislation, Mayor Yoshikazu Shimabukuro of Nago, the relocation site for the US Marine Corps' Futenma Station, commented yesterday: "I will make every effort to stabilize the livelihoods of the local residents and revitalize the local economy." Touching on the fact that the law is good only for 10 years, Shimabukuro said: "I hope the government will extend it as long as there are bases here."

Nago City Assembly Chairman Kenyu Shimabukuro of the henoko district adjacent to Camp Schwab also noted: "We are the only place in Japan that has accepted the Futenma relocation plan, so we think we deserve special treatment from the central government."

Nago has been split over the Futenma relocation plan since the

government came up with a sea-based heliport plan in 1996. The government has supported the pro-base group by, among other steps, hosting the 2000 Summit in Okinawa and offering a 10-year, 100-billion-yen northern part economic package to improve infrastructure there. In enacting the special measures law this time, the government has decided to continue giving special consideration to Okinawa, as seen its partial continuation of the northern part economic package.

But past developments also showed difficulty in implementing relocation plans after obtaining local understanding.

TOKYO 00002336 004 OF 009

The Futenma relocation plan has stalled over making changes to the government's plan to build a V-shaped pair of runways at Camp Schwab rather than over the appropriateness of the relocation plan itself.

"The special measures law was enacted, but that doesn't mean the Futenma relocation plan would move forward immediately," a senior Okinawa official noted.

47 of 68 affected local governments accept relocation plans

The US forces realignment special measures law will be good for 10 years until March 31, 2017. The law is designed to give a boost to the implementation of the US forces realignment plan, agreed upon by Tokyo and Washington last May. The key element in the law is to create a system to provide subsidies to municipalities accepting additional security burdens in accordance with the state of progress in implementing the plan. The government has earmarked 5.1 billion yen for FY2007, the program's initial year. The total amount is expected to reach 100 billion yen in the end.

According to the Defense Ministry, 47 out of the 68 affected local government have expressed a willingness to accept realignment plans. Although they are not totally happy with the relocation plans because of projected noise and security factors, carrots in the name of state subsidies are extremely appealing to them.

Mayor Yoshifumi Tsuchiya of Shintomi Town, Miyazaki Prefecture, home to the Air Self-Defense Force's Nyutabaru base, which has accepted US fighter training, took this view about the new law yesterday: "It's best not to bear any burden. Nonetheless, I can give a positive assessment to the law to some extent. As the next step, I would like to ask the government to allow us to spend subsidies in a broader way."

(3) 2007 Close-up column -- US forces realignment bill to be enacted into law today: Local governments housing US bases forced to make a difficult decision with subsidies tied to realignment plans

MAINICHI (Page 3) (Full)  
May 23, 2007

Kaori Onaka, Yudai Nakazawa, Norio Oyama

A bill for facilitating the implementation of USFJ realignment plans is to be enacted into law today. The bill will pressure relevant local governments to accept more of the burden of hosting US military facilities in return for subsidies amounting to 100 billion yen concerning the realignment plans. It will also serve as the grounds for Japan to pay the costs of relocating US Marines from Okinawa to Guam, which are expected to exceed 700 billion yen. The central government wants to both maintain deterrence and reduce Okinawa's burden, and it also wants to build an irreplaceable alliance between Japan and the US with a vast amount of financial aid as the driving force. Meanwhile, local governments are being forced to make a difficult decision on the question of whether to accept subsidies in return for tolerating an increase in the burden related to the military facilities.

"Some people describe the subsidy system relating to the force realignment plans as something like slapping local governments in the face with a wad of cash. What do you think?" Ichita Yamamoto of the ruling Liberal Democratic Party (LDP) said at a session

yesterday of the Upper House Committee on Foreign Affairs and Defense, turning to Prime Minister Shinzo Abe. Under the subsidy system, subsidies will be provided to local governments in proportion to the degree of their cooperation in accepting the burden.

Abe's answer to Yamamoto was: "Subsidies are not meant to persuade local governments by the strength of money but meant to properly respond to the local governments that decided to (accept an increase in the burden of their hosting US forces) for the security of the country."

It is no mistake, however, that the subsidies of this kind can become a bargaining chip for facilitating the realignment plans. Local governments' moves in this sense are divided into four stages: (1) announcement of accepting realignment plans; (2) launch of an environmental impact assessment; (3) launch of the construction of a necessary facility; and (4) implementation of realignment plans. The amount of subsidy will increase according to progress. This mechanism makes it easy to induce local governments to accept realignment plans, as well as to prevent them from "running away" after receiving subsidies. The central government has already budgeted 5.05 billion yen for subsidies to be provided in this fiscal year.

In fact, local governments, which have six candidate bases for the transfer of US military aircraft drills conducted at present at Kadena Air Base in Okinawa, announced they would accept the transfer, like Aomori Prefecture's Misawa City Government noting, "It's unavoidable for our burden to increase because of our cooperation with the central government for its policy." Mayor Hisami Arakawa of Fukuoka Prefecture's Chikujo Town, where the drills were already transferred, voiced his expectations: "Our town was the first to accept the relocation, so we believe we will receive the largest subsidy."

In contrast, Yamaguchi Prefecture's Iwakuni City, which houses the Marine Corps Air Station Iwakuni Base, which is seen as the relocation site for the 59 carrier-based planes assigned to the Naval Air Facility Atsugi Base (in Kanagawa Prefecture) and 12 air refueling planes based in the Futenma Air Station, was thrown into a jumble over the subsidy issue, because the central government put an end last December to subsidizing the city for the construction of a city office building. This subsidy had been provided in line with the agreement of the Japan-US Special Action Committee on Okinawa, per se, but as a result of the city being involved in the realignment plans, the situation has changed. On May 17, Mayor Katsusuke Ihara attended a meeting of the Lower House Committee on Security and argued: "It's incredible that the subsidy was stopped owing to US force realignment plans. That is disturbing the citizens even further."

The city government has yet to find a way out of the confusion. During a city assembly session in March, the assembly rejected the initial budget bill, which included a plan to use special merger local bonds for the construction of a new city office building, while the assembly adopted a resolution in effect accepting the plan for the transfer of carrier-based aircraft.

What are the grounds for 730 billion yen figure for Japan's share?

Along with the relocation of the Futenma airfield, 8,000 Marines and their 9,000 dependants are expected to move from Okinawa to Guam. A

road map for the implementation of the US force realignment as agreed on between Japan and the US at a Japan-US Security Consultative Committee (2+2) session in May 2006 mentioned that the realignment costs would be shared by Japan and the US. However, how much money Japan will actually pay has yet to be determined, as Foreign Minister Taro Aso said, "A number of rumors are flying around. One rumor is that the Japanese side's burden will amount to

3 trillion yen, but the exact amount has yet to be calculated." Paying that amount is an administrative act, but the grounds for that calculation are very vague.

A symbol of this vagueness would be the construction cost of family housing. At a meeting yesterday of the Upper House Committee on Foreign Affairs and Defense, Tsurunen Marutei of the major opposition Democratic Party of Japan (DPJ or Minshuto) argued that the construction cost per house calculated by the US side was no more than 20 million yen or so, but Washington indicated construction costs of 800 million yen per unit to the Japanese side. Marutei sought to disclose the basis for the calculation, arguing, "It's a waste of money." But Prime Minister Abe simply said: "We will carefully calculate the cost."

According to the road map, the total relocation cost is estimated at 10.27 billion dollars (or some 1.23 trillion yen). Of this amount, Japan will pay 6.09 billion dollars (some 730 billion yen), of which a maximum 2.8 billion dollars (or 340 or so billion yen) is to be disbursed from the national coffers. The remaining 3.29 billion dollars (or some 400 billion yen) is likely to be financed or lent by a special purpose entity (SPE) to be established by private firms in the region via the Japan Bank for International Cooperation (JBIC) and other organizations. The SPE will construct housing and repay the loans from rent income to the Japanese government through the JBIC.

However, Defense Minister Fumio Kyuma pointed out that "it will take 50 years" to repay the loans from rent income. Depending on the circumstances, the buildings during that period could become superannuated and turn into nonperforming loans. Osaka University Prof. Kazuya Sakamoto, a close aide to Abe, noted at a question-and-answer session of the Lower House Committee on Security: "This sort of cost-sharing is quite unusual. As a matter of fact, Japan's payment for the construction of another country's a military facility in that country's territory is questionable."

(4) Interview on collective self-defense (Part 3): Opposition DPJ's policy chief Takeaki Matsumoto insists on using UN judgment as yardstick for Japan's response

NIHON KEIZAI (Page 2) (Full)  
May 24, 2007

-- What is your view about Prime Minister Shinzo Abe's approach of having an expert panel discuss the question of the exercise of the right to collective self-defense?

Matsumoto: "I think the establishment of that panel in itself has become his goal. He appears to be fanning the flames and trying to come up with a conclusion at a sitting instead of promoting discussion according to a plan based on his term in office. This approach is sensational. It's dangerous to debate the question of the use of armed force under such a time table."

-- Some members in you party are tolerant of exercising the right to

TOKYO 00002336 007 OF 009

collective self-defense.

Matsumoto: "Every member has his or her own taste, but our party bands together. Using armed force is viewed as an illegal act internationally. Cases where using armed force is allowed are limited for cases of self-defense and action taken in accordance with the United Nations Charter. These two are the premise for (Japan to) exercise the right to collective defense."

-- The prime minister instructed the panel to examine four cases regarding the question of the use of the right to collective self-defense. Of the four, intercepting missiles and protecting US war ships are strongly called for by the US military.

Matsumoto: "We need to value our relations with the United States, but should Japan-US relations turn into those between the US and the United Kingdom, Japan, following America's decision to exercise the individual defense right, would support it. We never aim to develop

the Japan-US alliance into global alliance.

"To give an example, whether it was the right thing to open war against Iraq is now viewed as a big issue internationally. Launching that war was a decision by the US. If Japan totally allows the exercise of the right to collective self-defense, chances will increase that Japan will be affected by other countries' individual self-defense rights and decisions to use armed force. We therefore have been sticky on the propriety of the Iraq war."

-- Do you mean that the Japan-US alliance should not be made a criterion for Japan to decide whether to exercise the right to collective self-defense?

Matsumoto: "In the area of diplomacy, Japan needs to keep it in mind that Germany and Japan are considered by the rest of the world as the countries that caused the war 60 years ago. Should Japan be engaged in using armed force, Japan should use a UN decision that can easily obtain approval from most people as a criterion for Japan to make a decision."

-- Minshuto insists that Japan should play an active part in UN peacekeeping operations (PKO).

Matsumoto: "We must further step into debate on PKO cooperation. If we establish an international peace cooperation basic law in conformity with the Constitution, I think Japan could respond even more to PKO requests. Regarding the use of armed force, Japan needs to at least create a law for that purpose. This may lead to amending the PKO Cooperation Law."

(5) OIE classifies US as controlled-risk nation for BSE; Japan may be pressed to ease import conditions for US beef

YOMIURI (Page 3) (Excerpts)  
May 24, 2007

New international standards

The World Organization for Animal Health (OIE) classified the United States as a "controlled-risk nation" for BSE to allow it to export beef irrespective of cattle age. The OIE has introduced a new three-level safety-classification system for BSE since early this year. The OIE divides countries into three categories: those having "negligible risk of BSE"; "controlled BSE risk"; and "undetermined

TOKYO 00002336 008 OF 009

risk of BSE". This classification is reached as a result of screening documents related to outbreaks of BSE and the management of feed. Countries in the first category are allowed to export beef without any restrictions at all. Countries in the second category are allowed to export even specified risk materials (SRM) if such materials are from cattle aged 30 months or younger.

In its general meeting, the OIE unanimously approved the applications of 11 countries and regions. Japan also supported the OIE Science Committee's decision on the US application, but it still takes the view that "the OIE authorization will not immediately lead to a relaxation of Japan's import conditions," as Chief Cabinet Secretary Shiozaki noted.

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On this point, a senior official of the Ministry of Agriculture, Forestry and Fisheries (MAFF) commented: "Since we have not read the contents of the detailed report submitted by the US to the OIE, it will be impossible for us to judge whether an outbreak of BSE would be prevented in Japan."

Japan currently limits imports of US beef to cattle 20 months of age or younger, adding the extra condition that all SRMs be removed. Japan's requirements are considerably severer than those of the US. OIE authorization is legally unenforceable, so the two countries will determine final conditions through bilateral negotiations, but Japan will be inevitably pressed to ease its conditions based on the new OIE standards.

## US pressure

After the OIE decision was announced, US Secretary of Agriculture Mike Johanns told reporters: "We hope that countries closing their markets will start moving in the direction of drawing a conclusion immediately."

US congressional members and high-ranking government officials have quickly issued comments in succession. Taking advantage of the OIE authorization, persons concerned in the US are aiming to urge their trade partners to review their import conditions. Following the discovery of the first case of BSE in the US, its trade partners thrust different import requirements with the US. Under such a circumstance, the US was pressed to set up country-specific production lines, making it impossible to resort to mass production and resulting in being unable to boost exports.

Given the seal of approval from the OIE of the safety of US beef, the US is now expected to apply greater pressure on Japan to review its import conditions. Japan is likely to be forced to make a concession in bilateral talks.

## Focus from now

MAFF Minister Matsuoka indicated that, if officially asked by the US, Japan would consider the possibility of starting talks with the US on relaxing its import conditions for US beef. As the timing, he implied sometime after Japan completes its ongoing inspections to check whether meatpacking plants in the US have abided by the safety procedures set by Japan in early June.

In order for Japan to ease its import requirements for US beef, the Japanese government should submit an agreement reached in bilateral talks to the Cabinet Office's Food Safety Commission to solicit its advice.

TOKYO 00002336 009 OF 009

The focus of bilater talks will be on Japan's conditions of limiting imports of US beef to cattle aged 20 months or younger and of having SRMs removed. In 2003, a 21-month-old cow and a 23-month-old cow were identified as BSE positive in Japan. These cases prompted Japan to adopt tougher import requires than the international standards. However, no infection was confirmed in an experience conducted by a team of the Ministry of Health, Labor and Welfare, and Japan is losing grounds for its assertion.

Countries or region designated under new OIE safety classification system for BSE

### Countries or region:

Negligible risk of BSE: Australia, New Zealand, Argentina, Uruguay, Singapore

Controlled BSE risk: America, Canada, Switzerland, Taiwan, Chile, Brazil

SCHIEFFER